

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

Senate Bill 680 (Senator Colburn)
Education, Health, and Environmental Affairs

University of Maryland Eastern Shore - School of Pharmacy

This bill requires the President of the University of Maryland Eastern Shore (UMES) to establish a school of pharmacy at UMES. The purpose of establishing the school of pharmacy is to enhance accessibility to pharmaceutical education for rural and minority populations and to increase the number of practicing pharmacists in the State.

The bill takes effect July 1, 2004.

Fiscal Summary

State Effect: General fund or higher education fund expenditures would increase by an estimated \$1 to \$2 million annually from fiscal 2005 to 2009 to establish a UMES school of pharmacy. Higher education tuition and fee revenues would increase by an estimated \$500,000 to \$1 million annually beginning in FY 2006 due to enrollment in the UMES school of pharmacy.

Local Effect: None.

Small Business Effect: Potential meaningful. Small businesses that employ pharmacists would benefit from a greater supply of pharmacy graduates.

Analysis

Current Law: UMES is not required to establish a school of pharmacy.

The president of a University System of Maryland (USM) institution may propose to establish a new program if the addition of the program is consistent with the institution's mission and can be implemented with existing resources. The proposal must be forwarded to the institution's governing board and the Maryland Higher Education Commission (MHEC), which must forward the proposal to all other institutions of higher education in the State. The institution's governing board must approve the program if it meets the criteria for the establishment of a new program. MHEC and other institutions in the State may file an objection to the proposed program implementation based on: (1) inconsistency with the mission of the institution proposing a new program; (2) unreasonable program duplication; or (3) violation of equal educational opportunities. If a justified objection is raised, MHEC must negotiate with the governing board and president of the institution proposing the new program to resolve the objection. If the objection cannot be resolved, MHEC must make a final decision about approval of the new program.

Background: As described in the preamble to the bill, the State is facing a shortage of licensed pharmacists. The preamble also notes that the Maryland Pharmacist Association adopted a 2002 resolution supporting the establishment of another accredited pharmacy school in the State. A February 20, 2004 article in the *Baltimore Business Journal* states that UMES had been contemplating a school of pharmacy under its former president, but had more recently abandoned the idea due to the State's budget problems.

Currently, the only full school of pharmacy in Maryland is at the University of Maryland, Baltimore (UMB). According to data from MHEC, enrollments at the UMB School of Pharmacy have increased from 28 in 1989 to 571 in 2002, with a peak of 650 students in 1997. The *Baltimore Business Journal*, in noting that there is a shortage of licensed pharmacists in the U.S. and Maryland, states that UMB pharmacy graduates received an average of 3.8 job offers before graduation and an average salary offer of \$85,000.

State Fiscal Effect: USM estimates that a school of pharmacy at UMES would cost more than \$1.9 million in fiscal 2005, including \$714,000 in salaries and wages, \$300,000 in operating expenses, and \$900,000 in capital expenses. USM assumes that the school would not bring in any additional revenues until fiscal 2006, when approximately \$615,000 in tuition and fee revenues would be generated for the school.

By fiscal 2009, USM assumes the program would need a dean, 2 chairs, 23 other faculty members, and 9 support staff at a cost of approximately \$3.8 million annually for salaries and wages and other operating expenses. This amount would be offset by an estimated \$730,000 in tuition and fee revenues.

The Department of Legislative Services (DLS) advises that this estimate is somewhat overstated. In particular, the number of personnel identified by USM would support a relatively ambitious program just five years from now. A more gradual start-up could reduce expenditures until the number of students in the program demands a greater complement of staff and provides more tuition revenues to offset the costs. DLS estimates that a school of pharmacy could be established at UMES for approximately \$1 to \$2 million per year, with tuition revenues offsetting approximately one-half of the annual cost. Some of the costs in the early years would be for capital improvements to modify existing UMES facilities for the program. If the bill is enacted, it is unclear whether the additional funding needed to start the program would be provided from State general funds or from existing higher education funds.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): University System of Maryland, Maryland Higher Education Commission, Department of Legislative Services

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